



WATER INFRASTRUCTURE
FINANCE AUTHORITY OF ARIZONA

WIFA Federal Programs Committee Meeting

January 25, 2023





WIFA Forgivable Principal Balance As of January 10, 2023

Drinking Water Forgivable Balance

FFY 22 Base & Supplemental	\$12,881,471.00
FFY22 Lead Service Line*	\$12,183,930.00
FFY22 Emerging Contaminant	\$0
Total Available	\$25,065,401.00

Amount of Forgivable Principal for
Consideration at January 2023 Board Meeting (\$1,262,500.00)

Total Remaining

FFY 22 Base & Supplemental	\$11,618,971.00
FFY22 Lead Service Line	\$12,183,930.00
FFY22 Emerging Contaminant	\$0
Grand Total Remaining	\$23,802,901.00

Clean Water Forgivable Balance

FFY22 Base & Supplemental	\$9,016,290.00
FFY22 Emerging Contaminant	\$0
Total Available	\$9,016,290.00**

Amount of Forgivable Principal for
Consideration at January 2023 Board Meeting (\$400,000.00)

Total Remaining

FFY22 Base & Supplemental	\$8,616,290.00
FFY22 Emerging Contaminant	\$0
Grand Total Remaining	\$8,616,290.00

*The FFY22 DW BIL Lead Service Line Grant was partially awarded (\$1,957,000); WIFA has applied for the remaining grant funds available, once remaining funds are awarded the amount available for forgivable will increase.

**The Town of Miami decided not to move forward with their CW 002-2023 Project, therefore \$900,000 forgivable principal dollars were added back to the total available.

Revised Drinking Water IUP & PPL

- No comments received during public comment period
- The amendment revised the number and requested dollar amount of projects eligible to receive the Bipartisan Infrastructure Law Lead Service Line Capitalization Grant funds.

Table 2. Grant amounts, forgivable principal amounts, and forgivable principal eligibility

Grant	Grant Amount	% Available as Forgivable Principal	Dollar Amount of Forgivable Principal
Base	\$12,603,000	30% (16% for disadvantaged)	\$3,780,900
BIL – Supplemental	\$32,359,000	49% (only for disadvantaged)	\$15,855,910
BIL – Lead Service Line*	\$50,986,000	49% (only for disadvantaged)	\$24,983,140
BIL – Emerging Contaminant	\$13,587,000	100% (25% for disadvantaged or community serving 25,000 persons or less)	\$13,587,000
Total	\$109,535,000		\$58,206,950

*WIFA is applying for a conditional award of the BIL – Lead Service Line grant, current Lead Service Line projects on WIFA's PPL equals \$31,957,000. WIFA will apply for the entire grant amount on the condition that the remaining grant funds will only be provided once additional project have been identified. WIFA has identified additional projects and has applied for the entire \$50,986,000 available as of November 2022.

Table 3. Grant amounts compared to PPLs received

Grant	Grant Amount	Number of PPL Applications	Dollar Amount of PPL Applications
Base & BIL Supplemental*	\$44,962,000	37 38	\$1,348,443,328 \$1,403,988,628
BIL – Lead Service Line**	\$50,986,000	4 7	\$31,957,000 \$51,357,418
BIL – Emerging Contaminant	\$13,587,000	2 4	\$80,455,413 \$87,455,413
Total	\$109,535,000	34 49	\$1,461,855,741 \$1,542,801,459

*The Base Grant and BIL Supplemental have the same eligibility and therefore have been grouped together.

**Once an additional \$19,029,000 of lead service line projects have been identified WIFA will update the IUP to be awarded the rest of the conditional grant funds. An additional \$19,400,418 of lead service line projects have been identified as of November 2022.

Staff proposes Federal Programs Committee recommendation to adopt the revised FY 2023 DWSRF IUP and PPL.

Additions to the Clean Water Project Priority List

PPL Rank	Applicant	Population	County	Project	Project Number	Amount Requested & Green amount	Subsidy
3	Tri-City Regional Sanitary District	4,014	Gila	Tri-City Regional District Sewer System Phase II	025 2023	\$3,800,000.00	70%
4	Tri-City Regional Sanitary District	4,014	Gila	Tri-City Regional District Sewer System Phase III	026 2023	\$4,000,000.00	70%
20	Stringfield Ranch Domestic Water Improvement District	528	Yavapai	Stringfield Ranch DWID Onsite and Offsite Sewer Lines	024 2023	\$4,500,000.00	85%

Notes:

- City of Phoenix (CW 018-2023) – Project cost decreased; scope changed
- Fort Mojave Tribal Utilities Authority (CW 023-2023) – Project cost decreased

Additions to the Clean Water Fundable Range

Fundable Range Rank	PPL Rank	Applicant	Population	County	Project	Project Number	Amount Requested	Subsidy
3	3	Tri-City Regional Sanitary District	4,014	Gila	Tri-City Regional District Sewer System Phase II	025 2023	\$3,800,000.00	70%
4	4	Tri-City Regional Sanitary District	4,014	Gila	Tri-City Regional District Sewer System Phase III	026 2023	\$4,000,000.00	70%
5	5	Pinewood Sanitary District	3,500	Coconino	Pinewood Sanitary District Treatment Plant and Collections System Upgrades	020 2023	\$10,000,000.00	85%
13	26	Phoenix, City of	2,500,000	Maricopa	City of Phoenix Wastewater CIP Program	018 2023	\$482,900,000.00	85%

Staff proposes Federal Programs Committee recommendation to adopt Clean Water Project Priority List and Fundable Range

Drinking Water

Additions to the Drinking Water Project Priority List

PPL Rank	Applicant	Population	County	Project	Project Number	Amount Requested & Green amount	Subsidy
6	Sierrita Mountain Water Co-op	258	Pima	System Improvements	054 2023	\$250,000.00	75%
19	American Indian Christian Mission	53	Navajo	New Well Project	050 2023	\$250,000.00	75%
27	Porter Creek Domestic Water Improvement District	243	Navajo	Preliminary Engineering Report	053 2023	\$50,000.00	80%
31	Mountain Glen Water Service, Inc.	1,053	Navajo	New Water Campus	051 2023	\$1,113,600.00	80%
32	Mescal Lakes Water Systems, Inc.	1,479	Cochise	System Upgrades	052 2023	\$1,130,657.00	80%

Notes:

- City of Phoenix (DW 030-2023) – Project cost increased
- City of Phoenix (DW 031-2023) – Project cost decreased; scope changed
- Black Canyon WID (DW 041-2023) – Project cost decreased

Drinking Water

Additions to the Drinking Water Fundable Range

Fundable Range Rank	PPL Rank	Applicant	Population	County	Project	Project Number	Amount Requested	Subsidy
11	19	American Indian Christian Mission	53	Navajo	New Well Project	050 2023	\$250,000.00	75%
16	26	Black Canyon City WID	2,580	Yavapai	Big John Well No. 3	041 2023	\$281,900.00	80%
17	27	Porter Creek Domestic Water Improvement District	243	Navajo	Preliminary Engineering Report	053 2023	\$50,000.00	80%
18	31	Mountain Glen Water Service, Inc.	1,053	Navajo	New Water Campus	051 2023	\$1,113,600.00	80%
19	32	Mescal Lakes Water Systems, Inc.	1,479	Cochise	System Upgrades	052 2023	\$1,130,657.00	80%
27	50	Phoenix, City of	1,700,000	Maricopa	City of Phoenix Water CIP Program	031 2023	\$569,530,000.00	85%
30	54	Phoenix, City of	1,700,000	Maricopa	City of Phoenix Service Line Assessments and Replacements	030 2023	\$40,575,418.00	85%

Staff proposes Federal Programs Committee recommendation to adopt Drinking Water Project Priority List and Fundable Range



Pinedale Estates Domestic Water Improvement District

PEDWID New Well

Pinedale, Arizona (16 miles west of Show Low)

Resolution Addendum

A2023-028

Project Manager

Lindsay Mills

Total Requested

\$750,000 / 30-year loan

Loan Officer

Evan Marsh

Borrower Request

- The Pinedale Estates Domestic Water Improvement District (PEDWID) requests the WIFA Board amend Resolution Addendum No. A2022-024 and Loan No. 920324-21. The DWID requests authorization to change the project scope to include different locations for a well to be drilled.
- This loan will fund the acquisition, design, and construction of a new well site at a parcel from a list of potential sites. It will also fund the acquisition, design, and construction a new gravity storage tank site.
- No significant managerial or technical findings identified by staff.

Staff Analysis of Significant Factors

- Staff reviewed the requested revision to the project scope and the reallocation of funds and determined the addition of wells are appropriate for the system to produce quality water.
- No new financial outlay is requested with this addendum; therefore, staff did not perform a financial analysis.

Borrower's Representatives

Blake Anderson, *Project Manager*

Staff proposes Federal Programs Committee recommendation to approve Resolution Addendum A2023-028



Highland Pines Domestic Water Improvement District

HPDWID Main Transmission Water Line and Madizell Replacement

Prescott

Resolution Addendum

A2023-029

Project Manager

Morgan Burgess

Total Requested

\$2,568,738.00 / 20-year loan

Loan Officer

Scott Connelly

Borrower Request

- Highland Pines Domestic Water Improvement District (HPDWID) requests to expand the scope of work detailed within Loan Resolution No. 2021-029 and Loan No. 920323-21 to include the replacement of the 75,000-gallon tank at their Madizell Drive Tank site with a new 105,000-gallon tank.
- No significant managerial or technical findings identified by staff.

Staff Analysis of Significant Factors

- Staff reviewed the requested revision to the project scope and the reallocation of funds and determined the modifications are appropriate for the system to store and provide quality water to its service area.
- No new financial outlay is requested with this addendum; therefore, staff did not perform a financial analysis.

Borrower's Representatives

Angelo Angeleri, *Board Member*

Staff proposes Federal Programs Committee recommendation to approve Resolution Addendum A2023-029.



American Indian Christian Mission

New Well Project

Show Low, Arizona

Due Diligence Summary

DW 050-2023

Project Manager

Lindsay Mills

Total Requested

\$250,000 / 20-year loan

Loan Officer

Scott Connelly

Technical Summary

- The project will include a new well site with a building and 6-inch waterline to extend from new well site to existing storage tanks.
- WIFA staff recommends up to \$50,000 in Technical Assistance to complete the project design and up to \$20,000 in Technical Assistance funding to contract with the Northern Arizona Council of Governments to provide compliance assistance with Davis-Bacon and related act requirements.
- ADWR has not received the 2017 annual report or the most recent system water plan (Technical Finding.)
- No significant managerial findings identified by staff.

Financial Capability

- AICM is a 501(c)(3) tax-exempt organization operating a community water system. It is not ACC regulated.
- Repayment is from the net revenues of the organization which is primarily student tuition and donor contributions.
- All long-term debt was retired as of March 31, 2022. Projected cash flows are positive and sufficient to meet the DSC requirements for a WIFA loan (if not 100% forgivable principal).
- AICM qualifies as a "Disadvantaged Community" based on LFC (100) and MHI (\$34,528). It also has a documented deficiency (well failure). Therefore, per WIFA Procedure III.20.2 – *Disadvantaged System Compliance Loans*, staff recommends 100% forgivable principal.
- No significant legal or financial findings identified by staff.

Borrower's Representatives

Jeff Cline, AICM Director

Blake Anderson, Project Manager

Staff proposes Federal Programs Committee recommendation to approve Loan Resolution 2023-030 and Due Diligence Summary DW 050-2023



Fort Mojave Tribal Utilities Authority

Headworks Rehab

Mohave Valley / Bullhead City

Due Diligence Summary

CW 023-2023

Project Manager

Morgan Burgess

Total Requested

\$800,000 / 20-year loan

Loan Officer

Scott Connelly

Technical Summary

- This loan will fund Fort Mojave Tribal Utilities Authority (FMTUA) to construct and install a Vortex Bar Rake system and EcoVerde Odor Control system in their WWTP Headworks. Currently FMTUA is manually scraping racks to remove debris. This is a labor-intensive and outdated process that exposes staff to potential hazards
- No significant managerial or technical findings identified by staff

Financial Capability

- FMTUA has 3 loans outstanding secured by water and wastewater revenue. All are in good standing.
- Historical DSC exceeded WIFA required 1.2 times in all years reviewed 2018-2022.
- A Letter of Credit will be provided by FMTUA as collateral for this loan per WIFA Policy III.17 *Lending to Indian Communities*.
- Projected performance is expected to exceed 1.5 times DSC.
- A LFC score of 60 and area MHI of \$37,405 (about 60% SMHI) qualifies the borrower as a "Disadvantaged Community" per WIFA Policy III.6.
- WIFA staff recommends \$400,000 in forgivable principal per WIFA Policy III.20 and Procedure III.20.1.
- No significant legal or financial findings identified by staff.

Borrower's Representatives

Timothy Kellett, *General Manager*

Tim Fontenot, *Operations Manager*

Staff proposes Federal Programs Committee recommendation to approve Loan Resolution 2023-031 and Due Diligence Summary CW 023-2023



City of Peoria

CAP/LPP Intersection Wellfield

Peoria, AZ

Due Diligence Summary

DW 024-2023

Project Manager

Michael Vidaure

Total Requested

\$35,075,000 / 20-year loan

Loan Officer

Anthony Ngeera

Technical Summary

- This loan will fund five groundwater wells, 13,500 linear feet of new water pipeline, a reservoir, and booster pump facility. This includes well exploratory drilling, final well drilling, pipeline installation, and well equipping.
- The updates will address potential water cuts from Colorado River to improve water redundancy and reliability.
- No significant managerial or technical findings identified by staff

Financial Capability

- Peoria has four WIFA loans and two water and wastewater revenue bonds that are secured by a pledge of the water system revenues.
- City of Peoria Sr Water Revenue secured debt is rated "AA+" by rating agencies S&P and Fitch and "Aa2" by Moody's.
- According to WIFA Policy III.11, WIFA staff may rely on a revenue bond investment grade of "A" or better as evidence of financial capacity and repayment capability and eligibility to receive WIFA's level one security structure.
- WIFA staff's independently-performed financial analysis confirmed qualification for a level one security structure.
- The project qualifies for the third tier of additional subsidy therefore, WIFA staff recommends \$1,012,500 in forgivable principal.
- No significant legal or financial findings identified by staff

Borrower's Representatives

Sean Kindell, *Deputy Financial Officer*

Daniel Kiel, *Planning and Engineering Manager*

Staff proposes Advisory Board recommendation to approve Loan Resolution 2023-032 and Due Diligence Summary DW 024-2023

Agenda Item 12

Call to the Public:

This is the time for the public to comment. Members of the Committee may not discuss items that are not specifically identified on the agenda. Pursuant to A.R.S. § 38-431.01(H), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism or scheduling the matter for further consideration and decision at a later date. Members of the public wishing to address the Committee must fill out and submit a request on the provided form that is available at sign in for the meeting.

Comments will be limited to three minutes.



WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA

Next Federal Programs Committee Meeting
February 15, 2023

